

Dear FCC,  
Part 43 - Reports of Communication Common Carriers and Certain Affiliates should be amended to adequately track the telecommunications traffic generated by common carriers. The current reporting requirements for common carriers cannot adequately account for telecommunications traffic generated by new technology and the increasing number and types of resellers.

Today the USA has VOIP carriers who set up servers in hundreds or thousands of locations with local numbers for consumers to use in making intra-state, interstate and international telephone calls. This type of carrier does not need a CIC to obtain customers, does not need a 214 license as it sends traffic via the internet and does all it's marketing via the internet. Thus the carrier is transparent to the FCC. Often these type carriers also are able to avoid obtaining a state PUC/PSC license as there is no obvious physical presence in a state. The LEC's report traffic to these carriers as local minutes of use and the VOIP carriers do not report anything. VOIP carriers can also use toll-free numbers for customers to access their servers. In this case, toll-free number providers report the traffic as inbound toll-free regardless of the final call type. In both cases, traffic is mis-reported.

The proliferation of pre-card providers also presents a reporting nightmare. Pre-paid card providers do not need any type of license to operate. These operators buy quantities of wholesale intra-state, interstate, and international outbound minutes and toll-free minutes for customer access from common carriers. If the common carriers follow FCC requirements, these minutes are not reported as retail traffic as they originate in the wholesale division of the common carrier. Unfortunately, most common carriers ignore FCC requirements that resellers must be managed in a separate wholesale division and leave them in the retail channel. Thus, common carriers report pre-paid minutes as retail inbound minutes when the final call is actually an intra-state, inter-state or international outbound minute. This means each pre-paid card minute is double counted.

An increasing number of business customers are using internal VOIP networks to send their intra-company calls. The calls originate from company servers, traverse company leased lines and terminate in company servers. There is no common carrier in the process to capture and report the minutes to the FCC. This same scenario occurs with consumers who use VOIP telephone services. These minutes do not appear in any reports to the FCC.

As noted above, most common carriers refuse to establish a wholesale division to handle resellers or refuse to transfer new types of carriers into a wholesale division when they begin to resell minutes. Thus facilities-based common carriers report reseller minutes as retail traffic and the resellers report their own traffic as retail minutes. At the least, these minutes are double counted. With the proliferation of resellers in the 1990's, USA traffic minute reporting was grossly distorted in by counting the same minute of traffic many times. This may seem to be a small problem until one realizes that the telecommunications industry and the financial analysts who study it use the FCC reports to determine the strength or weakness of the industry. Gross over-reporting of minutes led to the unrealistic expectations of financial gain that drove the industry to expand and over-build

capacity.

Although, the accurate counting of USA telecommunications traffic is not easy, it must be done correctly to enable telecommunications enterprises, financial analysts and investors to accurately assess the state of the USA telecommunications industry.

Adelle Simpson

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